

VZCZCXRO6027
RR RUEHROV
DE RUEHDS #2241/01 2581422
ZNY CCCCC ZZH
R 151422Z SEP 09
FM AMEMBASSY ADDIS ABABA
TO RUEHC/SECSTATE WASHDC 6210
INFO RUCNIAD/IGAD COLLECTIVE
RUEPADJ/CJTF HOA
RUEAIIA/CIA WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC
RUZEFAA/HQ USAFRICOM STUTTGART GE
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEHLMC/MILLENNIUM CHALLENGE CORP
RHEHAAA/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ADDIS ABABA 002241

SIPDIS

DEPARTMENT FOR EEB/IFD/OMA - JWINKLER AND EEB/CBA -
DWINSTED
DEPT PASS TO USTR FOR PATRICK COLEMAN, CECILIA KLEIN, AND
BARBARA
GRYNIEWWICZ
DEPT OF COMMERCE WASHDC FOR ITA MARIA RIVERO
DEPT OF TREASURY WASHDC FOR REBECCA KLEIN

E.O. 12958: DECL: 09/14/2019
TAGS: [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [ET](#)
SUBJECT: TELECOM CEO TOES THE ETHIO-CHINA PARTY LINE

ADDIS ABAB 00002241 001.2 OF 002

Classified By: Deputy Chief of Mission Tulinabo Mushingi for Reasons 1.
4 (b) and (d).

11. (C) Summary: Ethiopian Telecommunications Corporation (ETC) CEO Amare Amsalu told Embassy officials on September 8 ETC would stay state owned for the time being. He deflected questions about poor telecom services in Ethiopia and instead focused on foreign investment. He praised the Chinese for their Africa investment fund and involvement in Ethiopia, contrasting both with a lack of similar U.S. investment in Ethiopia. Regarding current U.S. investment, Amsalu did commend U.S. company Seacom, which should connect Ethiopia to the undersea Internet cable via Djibouti within the next two months. Other U.S. consultants have not reported the same success to Econ/CommOff, alleging that their ETC contracts were terminated for alleged incompetence after disagreement with ETC's Chinese partner company. Bright and anxious to engage, Amsalu appears to be an ideal candidate for an International Visitor Program or other USG-sponsored travel so he can be exposed to the U.S. business environment. End Summary.

12. (SBU) On September 8, Pol/EconCouns and Econ/CommOff met with ETC CEO Amare Amsalu. Amsalu reiterated Ethiopian government desire to keep ETC state owned. "We like it that way," Amsalu stated while admitting that they have made mistakes along the way through a trial and error process. Amsalu predicted that ETC will have to be privatized at some point in the future, but did not offer a specific timeline. When Pol/EconCouns mentioned the difficulty he had trying to call back home, Amsalu brushed off the problem by blaming international service providers for the poor service connections they use (e.g., Voice Over Internet Protocol (VOIP)). When asked, Amsalu indicated that he did not foresee VOIP services (i.e., Vonage or Skype) becoming legal in Ethiopia anytime soon.

13. (SBU) Amsalu talked extensively about international political dynamics in Ethiopia and Africa as a whole. He contrasted the massive Chinese investment in Africa with what he saw as a lack of U.S. investment. (Note: Chinese company

ZTE works inside ETC and is involved in most of its operations. End Note.) Amsalu encouraged the United States to invest more in Africa and to create an Africa investment fund such as China has done. Pol/EconCouns explained the U.S. government's lack of ability to tell our private sector where it should invest. Econ/CommOff added how unattractive it is for U.S. companies to enter a market with limited telecom services and a banking sector closed to foreign investment. Amsalu responded cordially but firmly by saying that U.S. companies should want to enter this market of 80 million people, learn the culture, and help Ethiopia advance. Only then, he stated, will U.S. companies be able to bear the fruit of their hard work such as the Chinese are doing.

¶4. (C) Pol/EconCouns also discussed current U.S. investment in Ethiopia with Amsalu. Amsalu expressed that working with U.S. company Seacom has been a positive experience. (Note: Seacom built an undersea cable from South Africa up the African coastline that extends to Europe and India that will increase Internet broadband width considerably. End Note.) He said that ETC just needs to lay an additional 60 kilometers of cable to connect Ethiopia to the cable at the Djibouti border. Amsalu projected that this effort will be complete within one to two months. Based on some complaints received from U.S. technology consultants, Econ/CommOff inquired about how other U.S. companies working within ETC were doing. (Note: One U.S. consultant recently told Econ/CommOff that other U.S. project managers and she had their ETC contracts terminated upon exposing Chinese ZTE's inadequacies and falsification of data, including profits and telecom penetration numbers. End Note.) Amsalu replied by first saying the U.S. consultants were doing well, but then mentioned they had some problems with certain project managers.

ADDIS ABAB 00002241 002.2 OF 002

¶5. (SBU) Comment: Despite having his own Apple iPhone with limited functionality, Amsalu seemed unfazed of the poor quality of telecom services in Ethiopia. He also appeared to be unfamiliar with U.S. business practices or decision making, ignoring the "build it and they will come" approach and instead thinking, "they should come and build it for us." Amsalu mentioned that he had traveled to China at least six times and only traveled to Asia his entire life. Post believes that Amsalu would be an ideal candidate for an International Visitor Program or other USG-sponsored travel so that he can start to understand U.S. business practices as well as the competitive U.S. telecom market. End Comment.

MEECE